



HarDee

HARDEE FARMS INTERNATIONAL LTD.
18th Annual Report for the fiscal year
ended May 29, 1976.

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HARDEE FARMS INTERNATIONAL LTD.

BOARD OF DIRECTORS

D. S. Anderson	Toronto
C. H. Franklin	Toronto
**F. D. Lace	Toronto
*J. A. McKechnie	Toronto
E. R. S. McLaughlin	Oshawa
R. A. McNair	Toronto
W. A. Stewart	Denfield
*D. L. Sinclair	Toronto
*A. W. Walker	Toronto

Audit Committee Chairman (**) and Members(*)

EXECUTIVE OFFICERS

C. H. Franklin	Chairman of the Board and Chief Executive Officer
A. W. Walker	President
D. E. Richards	Vice President — Western Ontario Operations
R. W. McDannold	Vice President — Eastern Ontario Operations
W. R. Abbott	Vice President — Corporate Affairs & Secretary
M. M. Monk	Vice President — Finance

AUDITORS

Coopers & Lybrand	Toronto
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SOLICITORS

Fasken & Calvin	Toronto
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BANKERS

The Royal Bank of Canada
Canadian Imperial Bank of Commerce
The Bank of Montreal

STOCK LISTING

Toronto Stock Exchange

REGISTRAR AND TRANSFER AGENT

The Canada Trust Company	Toronto, Montreal and Winnipeg
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HEAD OFFICE

931 Yonge Street	Toronto
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CHAIRMAN'S REPORT TO SHAREHOLDERS

The Consolidated Statement of Earnings shows that sales increased by 23% to \$25,429,490. Cost of sales, however, increased by 27%, from \$18,237,200 to \$23,199,415, resulting in a lower earnings from operations. This was chiefly attributable to higher production costs, a softer market and inventory carry over occasioned by a North American surplus in our particular commodities.

It will be noted that interest charges increased by \$224,296. This was mainly due to an increase in inventories, as shown on the Balance Sheet.

Consolidated Earnings before Extraordinary Items were \$394,172 or 9¢ per share, by comparison with \$725,645 or 16¢ per share.

Aside from a minor tax liability in one of its subsidiary companies, Hardee has been able to offset any current tax liabilities against various credits that have arisen from prior years. Attention is directed to notes 11 and 12 of the financial statements which refer to this and further credits that will be available in the future.

During the year Hardee increased its holdings in its subsidiaries so that at the year-end it owned 84% of Federal Diversiplex Limited and 71% of The Baxter Canning Co. Limited. The full benefit of Hardee's investment in Baxter will be realized upon completion of a major modernization and expansion program actively underway at the year-end.

Your company continues to expand agriculturally through its subsidiary, Federal Diversiplex Limited.

A strong demand has recently arisen for freeze-dried food ingredients in a variety of products. The Freeze-Dry plant at Oakville is geared to take full advantage of its sharply accelerated volume requirement.

A company milestone was passed on March 17, 1976 with the declaration of semi-annual dividend No. 1 of 1½¢ per common share.

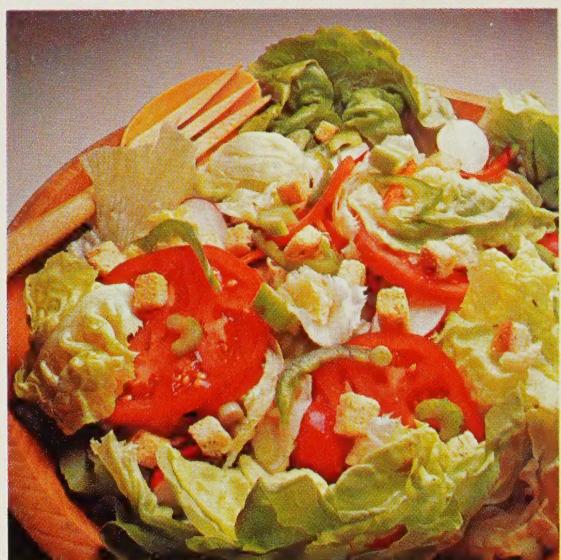
With the passing of our late Vice President of Fresh Produce Operations, Mr. N. E. Collings, on October 6, 1975, your company lost a valued and loyal employee.

During the year, Messrs. D. E. Foyston and R. P. Ritchie retired from the Board. Their loyal service and advice is gratefully acknowledged.

In closing, your Directors acknowledge the excellent service performed by personnel at all levels in Hardee, its subsidiaries and divisions. The continued support of customers and suppliers is greatly appreciated.

On behalf of the Board,

A handwritten signature in black ink, appearing to read "C. H. Franklin".
Chairman



FRESH PRODUCE FOR SALADS

Crisp lettuce, radish, onions, celery, carrots and other salad bowl vegetables are vacuum cooled or "iced" and shipped daily, in season, to chains and wholesalers across Eastern Canada.

PRESIDENT'S MESSAGE

The year ended May 29, 1976, represented a difficult period for those engaged in the production and processing of vegetable commodities.

Expanded North American acreages and generally favourable agricultural conditions in the 1975 growing season combined to produce record inventory levels at the same time that recessionary elements appeared within the general economy. Price negotiations with growers under marketing board legislation in Ontario drove processors' raw commodity costs to excessively high levels which, in the absence of compensating tariff protection, attracted importations into Canada from California, Taiwan, and other sources not previously competitive in our market areas.

Although these general conditions led to significant erosion in normal profit margins, your Company is pleased with the substantial increase in sales volume identified elsewhere in this report. The market for Hardee products continues to grow and plant facilities and agricultural support systems have been further



BROAD RANGE OF ROOT AND COLE CROPS

This selection supplied in convenient consumer packages reflect the complete facilities for washing, trimming, grading and packaging of produce that comes from Hardee's extensive farming activities and selected growers.

improved and expanded to ensure your Company's long-term ability to meet future demand on the most efficient basis.

FRESH PRODUCE

Through plant and storage facilities in Bradford, Ontario, and Sherrington, Quebec, your Company conducts the largest integrated fresh vegetable packing and distribution operation in Canada. The familiar Hardee logo appeared on more than 20,000,000 consumer packages of fresh vegetables during the course of the past year.

Production to meet this demand came from approximately 700 acres of organic farms owned and operated by your companies together with produce purchased from approximately 200 local growers in season or imported from southern sources at other times in the year.

During the past year Hardee installed a series of recently developed high speed automatic carrot packaging machines, and automatic potato bagging and baling



FROZEN FOODS

A few consumer and food service frozen items are shown here. A wide range of frozen vegetables is available in a variety of package sizes, in both Hardee brand label and private label.

facilities. These units together with an electronically controlled onion handling line provide your Company with the most modern produce packaging systems currently available.

FROZEN FOODS

Both the Lambeth and Ingersoll vegetable freezing plants operated at their seasonal capacities during the past year and frozen french fried potato requirements were serviced from Lambeth and Bradford production.

Further capacity has since been added with the installation of a new freezing tunnel at Lambeth together with new potato frying equipment at both french fry plants.

Raw potato storage systems at both Hardee and Federal were also expanded and modified to permit bulk handling of greater volume under the environmentally controlled conditions necessary to maintain potatoes at their peak processing quality. Your Company's own potato acreage has been increased for 1976 with Federal's recent purchase of 300 acres near Shelburne, Ontario.

HarDee



A HARDEE MEAL

Prepared from some of the products that are canned at the Baxter plant in Eastern Ontario.

A wide variety of canned products is produced there in an assortment of sizes to please the consumer.

The frozen storage buildings at Ingersoll were doubled with construction completion early in the fiscal year of an additional frozen warehouse. Your Company now has over 1,500,000 cubic feet of frozen storage facilities.

Agricultural support for Hardee's frozen and canning processes now involves production from almost 15,000 acres in Ontario. Approximately $\frac{1}{3}$ of this requirement is farmed directly by your Company.

CANNED VEGETABLES

With completion of the construction and modernization program conducted at Baxter Canning over the course of the last 18 months your Company now has approximately 100,000 square feet of plant and warehouse space in Bloomfield, Ontario. The new processing system is substantially automated employing the latest developments in crateless cookers being fed automatically from high-speed handling, filling, and closing lines.

On discharge from a closely regulated retort system cans are conveyed to



LIGHTWEIGHT —
QUICK and EASY TO SERVE

Freeze drying — a unique process of removing water and yet still retaining vitamins and flavour. Special pouches are supplied for campers, backpackers, hunters and boaters. Foods packaged are meats, fruits, vegetables and ready-to-serve main dishes.



automatic palletizing equipment for warehouse storage in bright condition or to automatic labelling and cartoning lines for immediate shipment or storage against specific customer requirements. Current handling and retort capacity will accommodate processing to a total volume of 2,000,000 cases per year.

Several new products including mixed peas and carrots, mixed vegetables, whole potatoes, and sliced and diced carrots, are planned for the current year's pack and for the future, a wide variety of non-seasonal canned food items are under consideration as Baxter will be able to employ the extensive flexibility of the new processing systems.

FREEZE DRIED FOODS

Introduction of the new line of Hardee freeze-dried recreational foods in the 1975 season was successful and strong growth in the sale of these products is being experienced in the current year. A range of freeze-dried instant dinners will soon be added to the recreational line. These dinners will require only the addition of a



HONEYDEW FAMILY OF DRINKS

HONEYDEW Orange is Canada's well-known orange beverage, made from orange juice and honey. For over 50 years, it has been in great demand as a cool, refreshing drink.

measured quantity of hot water to produce delicious warm meals ready within minutes to be eaten directly from the attractive individual packages provided.

In addition to producing for Hardee's own requirements and for military emergency rations, the Oakville plant conducts substantial bulk meat and vegetable freeze-drying operations on a custom basis for other food processors in Canada, the United States, and Europe.

This plant has recently extended its production to seven days per week and it is anticipated that a double shift operation will soon be required to meet rapidly increasing demand.

HONEYDEW BEVERAGES

The HONEYDEW drinks continue to grow in consumer popularity through both food service and retail outlets. During the past year iced tea, fruit punch, and lemon-lime flavours were added to the orange and grape drinks with which this trademark has been so long associated. HONEYDEW beverages are now a



Panoray

PRE-PEELED VEGETABLES



POT READY VEGETABLES

The Panoray division supplies pot ready whole peeled potatoes, carrots and onions to the food service trade delivered daily throughout central Ontario.

familiar part of the frozen products displayed in major supermarket counters throughout Canada. Their popularity as fountain drinks was recently confirmed with achievement of record sales volume at the 1976 Canadian National Exhibition.

Opportunities for further use of the HONEYDEW trademark are currently being explored.

FRESH PEELED VEGETABLES

The specialized needs of food service and institutional outlets for bulk quantities of high quality fresh vegetables, peeled and ready for cooking, are met by our Panoray division. There has been a steady increase in demand for the controlled labour costs and consistent quality standards offered by Panoray.

Automation of peeling lines and substantial improvements in material handling facilities were made during the past year.

The prospects for continued growth in volume of this division are excellent.



VACUUM PACKED CONVENIENCE

A new concept in food processing! Potatoes or other vegetables are peeled, sliced or diced and vacuum sealed in special pouches to lock in all the goodness and flavour. Finally they are cooked in their own natural juices — ready to serve in a variety of ways. No refrigeration is required.

NEW PRODUCTS

With acquisition of the Kirkwood Kitchens business in late 1975 your Company became involved in the development, production, and distribution of a range of frozen quiche lorraine dishes for the catering and food service trades.

Work is proceeding further on the development of retortable flexible pouch packaging of vegetables, particularly potato products. The outlook for this revolutionary process is encouraging with good response to the limited marketing program being conducted under our trade name Redi Brand.

Your Company continues to pursue new possibilities for further increasing its expanding role in the Canadian food processing industry.

Al Walker
President



CONSOLIDATED BALANCE SHEET AS AT MAY 29, 1976

ASSETS

	1976	1975
	\$	\$
CURRENT ASSETS		
Accounts receivable	2,534,023	2,403,606
Inventories (notes 1 and 2)	6,565,530	4,883,999
Current portion of mortgages and debenture receivable (note 3)	144,412	71,648
Prepaid crop and other expenses (note 1)	1,009,605	1,032,598
	<hr/>	<hr/>
	10,253,570	8,391,851
MORTGAGES AND DEBENTURE RECEIVABLE (note 3)	308,594	453,524
FIXED ASSETS (notes 1 and 4)	9,552,500	8,398,756
TRADEMARKS — HONEYDEW AND GOODWILL — at cost	452,809	449,531
PRODUCT DEVELOPMENT COSTS (note 5)	116,548	41,992
EXCESS OF PURCHASE PRICE OF SHARES OF SUBSIDIARIES OVER BOOK VALUE THEREOF ..	565,066	833,500

Signed on behalf of the Board

C. H. Franklin, *Director*

21,249,087

18,569,154

F. D. Lace, *Director*

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Hardee Farms International Ltd. as at May 29, 1976 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

LIABILITIES

	1976	1975
CURRENT LIABILITIES	\$	\$
Bank advances (note 6)	4,811,748	3,802,062
Accounts payable and accrued liabilities	2,340,035	1,800,990
Income taxes payable	3,000	301,500
Current portion of long-term debt (note 7)	1,490,723	423,971
	<hr/> 8,645,506	<hr/> 6,328,523
LONG-TERM DEBT (note 7)	3,424,782	3,178,086
DEFERRED INCOME TAXES	517,000	156,500
MINORITY INTEREST (note 8)	661,737	1,508,371
	<hr/> 13,249,025	<hr/> 11,171,480

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 9)

Authorized —

40,250 first preferred shares of the
par value of \$100 each,
issuable in series

6,000,000 common shares of no par value

Issued and fully paid —

4,608,678 common shares	3,886,641	3,886,641
RETAINED EARNINGS (note 10)	4,113,421	3,511,033
	<hr/> 8,000,062	<hr/> 7,397,674
	<hr/> 21,249,087	<hr/> 18,569,154

In our opinion these consolidated financial statements present fairly the financial position of the companies as at May 29, 1976 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
September 15, 1976.

COOPERS & LYBRAND
Chartered Accountants



CONSOLIDATED STATEMENT OF EARNINGS FOR THE YEAR ENDED MAY 29, 1976

	1976	1975
	\$	\$
SALES	25,429,490	<u>20,659,966</u>
COST OF SALES AND OTHER EXPENSES	23,199,415	18,237,200
DEPRECIATION	534,432	439,963
	<u>23,733,847</u>	<u>18,677,163</u>
EARNINGS FROM OPERATIONS		
BEFORE INTEREST	1,695,643	1,982,803
INTEREST (note 7)	865,438	641,142
EARNINGS FROM OPERATIONS BEFORE PROVISION FOR INCOME TAXES	<u>830,205</u>	<u>1,341,661</u>
PROVISION FOR INCOME TAXES		
Current	315,000	530,300
Deferred	80,000	76,500
	<u>395,000</u>	<u>606,800</u>
	<u>435,205</u>	<u>734,861</u>
MINORITY INTEREST IN EARNINGS OF SUBSIDIARIES	<u>41,033</u>	<u>9,216</u>
EARNINGS FOR THE YEAR BEFORE EXTRAORDINARY ITEM	394,172	725,645
EXTRAORDINARY ITEM (note 11)	277,160	208,544
NET EARNINGS FOR THE YEAR	<u>671,332</u>	<u>934,189</u>
PER COMMON SHARE:		
Earnings for the year before extraordinary item ..	9¢	16¢
Net earnings for the year	15¢	20¢

Earnings per common share on a fully diluted basis are not significantly different from those reported above. The earnings per share have been calculated for 1976 on 4,608,678 shares and for 1975 on 4,606,293 shares.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED MAY 29, 1976

	1976	1975
	\$	\$
RETAINED EARNINGS — BEGINNING OF YEAR ...	3,511,033	2,576,844
Net earnings for the year	671,332	934,189
	<u>4,182,365</u>	<u>3,511,033</u>
Dividends	68,944	—
RETAINED EARNINGS — END OF YEAR (note 10) ...	<u>4,113,421</u>	<u>3,511,033</u>



**CONSOLIDATED STATEMENT OF
CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MAY 29, 1976**

SOURCE OF FUNDS

	1976	1975
	\$	\$
Earnings for the year before extraordinary items	394,172	725,645
Add; Depreciation, deferred income taxes of \$80,000 and other items not requiring an outlay of funds	612,642	504,202
	<hr/>	<hr/>
	1,006,814	1,229,847
Reduction of income taxes arising from prior years	277,160	208,544
Proceeds on disposal of fixed assets	35,000	761,742
Reduction in mortgages and debenture receivable	144,930	455,689
Long-term debt incurred	1,733,222	1,135,000
Minority interest in net earnings of subsidiaries	86,873	16,472
Deferred income taxes	280,500	—
Other	—	5,250
	<hr/>	<hr/>
	3,564,499	3,812,544

USE OF FUNDS

Purchase of fixed assets	1,721,386	1,282,796
Retirement of long-term debt	1,486,526	1,941,544
Non-current assets acquired on purchase of subsidiary	—	82,404
Mortgage receivable from disposal of fixed assets and assets held for sale	—	38,360
Purchase of minority interest shares in subsidiaries	665,073	56,991
Trademarks and development costs	77,834	48,252
Dividends paid (by subsidiary company in 1975)	68,944	17,637
	<hr/>	<hr/>
	4,019,763	3,467,984

INCREASE (DECREASE)

IN WORKING CAPITAL	(455,264)	344,560
WORKING CAPITAL — BEGINNING OF YEAR	2,063,328	1,718,768
WORKING CAPITAL — END OF YEAR	1,608,064	2,063,328



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 29, 1976

1. SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies followed by the companies are outlined below:

(a) Principles of consolidation

The consolidated financial statements include the accounts of all subsidiary companies in which Hardee Farms International Ltd. or its subsidiaries owned an equity interest in excess of 50% at the respective fiscal year-ends with appropriate provision for minority interests. The results of all subsidiaries are included in these consolidated financial statements from the date of acquisition and are accounted for as purchases.

(b) Inventories

Inventories include foodstuffs and supplies which are valued at the lower of cost and net realizable value, and containers which are valued at cost, less amortization.

(c) Prepaid crop expenses

Crop expenses attributable to the current farm program are included in prepaid crop expenses.

(d) Fixed assets

Fixed assets are depreciated on the basis of rates which are estimated to be sufficient to reduce the carrying value of the assets to residual value over their useful lives.

(e) Goodwill

Acquisition costs of each purchased subsidiary are allocated to that subsidiary's identifiable net assets on the basis of estimated fair values at the date of acquisition with any excess being carried as the excess of purchase price of shares of subsidiaries over book value thereof.

(f) Income taxes

The companies follow the tax allocation method of providing for income taxes. Under this method timing differences between reported and taxable income result in adjustments to deferred income taxes.

2. INVENTORIES

Inventories are classified as follows:

		1976	1975
		\$	\$
Foodstuffs and supplies		6,311,052	4,654,727
Containers		254,478	229,272
		<u>6,565,530</u>	<u>4,883,999</u>

3. MORTGAGES AND DEBENTURE RECEIVABLE — at cost

	Current	Long-term	1976	1975
	\$	\$	\$	\$
10½%, due May 1981, payable \$10,000 principal and interest quarterly	24,012	137,065	161,077	182,725
8%, due August 29, 1982, payable interest only to 1975 and payable \$28,471 principal plus interest per annum thereafter	28,471	171,529	200,000	200,000
Chattel mortgage, interest at 2% over prime, due July 1, 1977, payable \$3,300 principal and interest monthly	37,842	—	37,842	68,360
7¼% convertible sinking fund debenture, due December 16, 1976	<u>54,087</u>	<u>—</u>	<u>54,087</u>	<u>74,087</u>
	<u>144,412</u>	<u>308,594</u>	<u>453,006</u>	<u>525,172</u>

Mortgages and debenture receivable include \$200,000 in U.S. funds.

4. FIXED ASSETS

Fixed assets are as follows:

	1976 \$	1975 \$
Buildings and equipment — at cost	12,377,727	10,719,757
Accumulated depreciation	<u>5,496,609</u>	<u>4,974,883</u>
	<u>6,881,118</u>	<u>5,744,874</u>
Land — at cost	1,671,382	1,653,882
Land valued on basis of lease option outstanding	400,000	400,000
Other lands (approximately 4,600 acres) at values assigned by the directors in 1971	<u>600,000</u>	<u>600,000</u>
	<u>2,671,382</u>	<u>2,653,882</u>
	<u>9,552,500</u>	<u>8,398,756</u>

Two subsidiaries of the company have received forgivable loans from government agencies. As at May 29, 1976, \$165,000 remained to be forgiven over a period extending to 1978. Based upon the expectation that the operations for which the loans were obtained will continue as required, the amount of the loans have been applied as a reduction in the cost of the related plant and equipment.

5. PRODUCT DEVELOPMENT COSTS

Product development costs represent the net expenditures in the research and marketing of the Redi-Brand line of product. During the year the company received government assistance in the amount of \$12,178 and to date has received \$80,477 which has been applied as a reduction in the amount shown on the balance sheet.

6. BANK ADVANCES

Bank advances are secured by a pledge of shares in subsidiaries, assignment of book debts, inventories and mortgages receivable and a \$3,500,000 debenture on the assets of the company.

7. LONG-TERM DEBT

	Current portion \$	Long- term portion \$	1976 Total \$	1975 Total \$
Bank loans at interest ranging from prime plus 1½% to prime plus 2% due between October 20, 1979 and August 15, 1983, payable \$456,448 per annum	456,448	2,729,879	3,186,327	1,759,157
6% convertible notes due December 31, 1976 (note 9)	711,555	—	711,555	711,555
Sundry mortgages and notes, at interest between 6% and 9.3%, due between December 7, 1976 and June 6, 1987, payable \$322,720 in 1977; \$286,945 in 1978 and reducing amounts thereafter	<u>322,720</u>	<u>694,903</u>	<u>1,017,623</u>	<u>1,131,345</u>
	<u>1,490,723</u>	<u>3,424,782</u>	<u>4,915,505</u>	<u>3,602,057</u>

Interest on long-term debt for the current year amounted to \$359,654.

8. MINORITY INTEREST

Minority interest is as follows:

	1976	1975
	\$	\$
Federal Diversiplex Limited	499,326	1,348,810
The Baxter Canning Co. Limited	<u>162,411</u>	<u>159,561</u>
	<u>661,737</u>	<u>1,508,371</u>

9. CAPITAL STOCK

Of the authorized and unissued common shares, 474,870 shares are reserved for the 6% convertible notes exercisable at any time up to December, 1976 at \$1.50 per share.

10. RETAINED EARNINGS

Retained earnings represents the earnings of the company since the date of reorganization, May 27, 1972.

11. EXTRAORDINARY ITEM

	1976	1975
	\$	\$
Reduction of income taxes arising from prior years	323,000	215,800
Minority interest thereon	<u>45,840</u>	<u>7,256</u>
	<u>277,160</u>	<u>208,544</u>

12. INCOME TAXES

The company and its subsidiaries may reduce future income subject to taxes by amounts of approximately \$998,000 and \$468,000 respectively through the deduction, in diminishing amounts over several years, of capital cost allowances and other write-offs the equivalent of which have already been recorded in the accounts but not yet claimed for tax purposes.

13. ANTI-INFLATION ACT

The company is subject to restraint of profit margins, prices, dividends and compensation under the terms of the Anti-Inflation Act and Regulations which became effective October 14, 1975.

There does not appear to be any impact of the legislation on the company's profit margins, prices, dividends and compensation arrangements for the current year.

14. DIRECTORS AND OFFICERS

In accordance with the requirements of Section 122.2 of the Canada Corporations Act, the following information is required.

	Number	Remuneration
Directors (2 are officers)	11	8,775
Officers	8	244,127

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in accordance with the current year's presentation.

EIGHT YEAR REVIEW HARDEE FARMS INTERNATIONAL LTD.

OPERATING RESULTS

	1976 \$	1975 \$	1974 \$	1973 \$	1972 \$	1971 \$	1970 \$	1969 \$
SALES—foodstuffs	25,429,490	20,659,966	15,471,062	13,479,753	10,746,776	8,108,437	6,477,479	5,018,567
—dairy and snack.....	—	—	5,731,274	7,578,438	4,946,740	—	—	—
	<u>25,429,490</u>	<u>20,659,966</u>	<u>21,202,336</u>	<u>21,058,191</u>	<u>15,693,516</u>	<u>8,108,437</u>	<u>6,477,479</u>	<u>5,018,567</u>
 EARNINGS FOR THE YEAR BEFORE THE FOLLOWING	 2,230,075	 2,422,766	 2,374,244	 1,747,653	 1,242,766	 1,066,192	 547,910	 403,466
Depreciation	534,432	439,963	421,313	387,162	319,675	169,836	106,812	81,131
Interest	865,438	641,142	608,534	533,849	453,145	429,707	295,765	309,031
Income taxes	395,000	606,800	600,000	325,000	210,000	238,500	83,000	—
Minority interest	41,033	9,216	44,063	(12,738)	(70,973)	—	—	—
 EARNINGS FOR THE YEAR BEFORE EXTRAORDINARY ITEMS	 394,172	 725,645	 700,334	 514,380	 330,919	 228,149	 62,333	 13,304
Extraordinary items—income taxes ...	277,160	208,544	546,500	320,060	203,665	233,923	83,000	—
—other	—	—	253,273	160,000	—	—	(10,688)	(303,364)
 NET EARNINGS (LOSS) FOR THE YEAR	 671,332	 934,189	 1,500,107	 994,440	 534,584	 462,072	 134,645	 (290,060)
	<u>671,332</u>	<u>934,189</u>	<u>1,500,107</u>	<u>994,440</u>	<u>534,584</u>	<u>462,072</u>	<u>134,645</u>	<u>(290,060)</u>

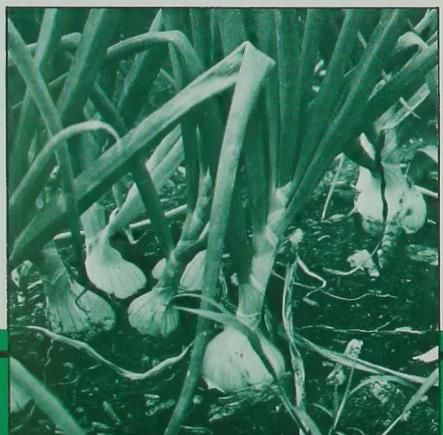
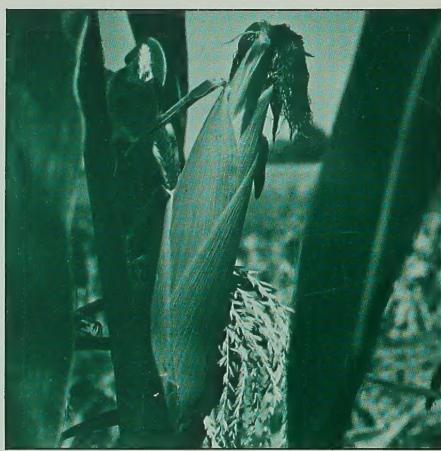
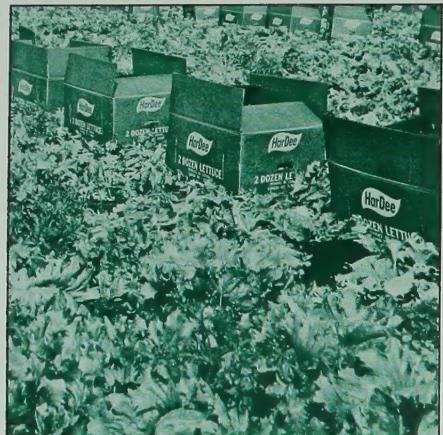
FINANCIAL POSITION

Total assets	21,249,087	18,569,154	16,381,360	15,206,985	14,786,868	10,860,912	10,325,477	8,488,053
Total liabilities	13,249,025	11,171,480	9,923,125	10,249,532	12,016,145	6,119,379	6,064,516	4,947,232
	<u>8,000,062</u>	<u>7,397,674</u>	<u>6,458,235</u>	<u>4,957,453</u>	<u>2,770,723</u>	<u>4,741,533</u>	<u>4,260,961</u>	<u>3,540,821</u>
Preferred shares	—	—	—	—	971,200	971,200	971,200	971,200
COMMON SHARE EQUITY	<u>8,000,062</u>	<u>7,397,674</u>	<u>6,458,235</u>	<u>4,957,453</u>	<u>3,741,923</u>	<u>3,770,333</u>	<u>3,289,761</u>	<u>2,569,621</u>

PER SHARE

Earnings for the year before extraordinary items	9¢	16¢	15¢	11¢	6¢	5¢	.6¢	.3¢
Net earnings (loss) for the year	15¢	20¢	33¢	22¢	11¢	10¢	2¢	(7¢)
Book value	\$ 1.74	\$ 1.61	\$ 1.40	\$ 1.08	91¢	92¢	80¢	63¢
Total shares outstanding	4,608,678	4,608,678	4,603,178	4,602,728	4,128,436	4,115,102	4,090,435	4,076,436

The above summary reflects the consolidation of Federal Diversiplex Limited for all periods since the date of acquisition.



HARDEE FARMS INTERNATIONAL LTD.

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